In addition, the Secretary would consider whether the foreign country would allow a similar investment in one of its airlines. If so, that would be a plus. On the other hand, if the foreign investor was controlled or subsidized by a foreign government, that would be a minus as it could tend to distort competition.

Another factor the Secretary must consider is the issue of foreign control. I share the desire of many of my colleagues to prevent our airlines from falling under the control of foreign nationals. But I am also mindful that a recent GAO report indicated that continuing the current control restrictions would discourage foreign investment and limit the benefits that might otherwise be achieved by this legislation. The issue of foreign control would be one factor among the others mentioned for the Secretary to consider.

The final factor for DOT to consider would be whether the foreign investor's home country has a procompetitive bilateral with the United States. While this is clearly important, it should not be the controlling factor as it seems to have been in recent transactions. Proponents of open skies should keep in mind that more liberal foreign investment rules may be the best way to achieve their goal. Only when the nationality lines of carriers are blurred so that it is not clear which nation is benefiting from a negotiation will some of the protectionist countries be willing to remove their aviation trade barriers and allow free competition on international routes.

In evaluating these factors, the bill gives the Secretary 90 days. A time limit is important so that investors do not have to deal with the uncertainties of Government approved for an unreasonable length of time.

The issue of national security has also been raised with respect to foreign investment. Clearly we do not want an enemy of the United States taking control of one of our airlines. Moreover, our experience with Operation Desert Shield and Desert Storm demonstrated that U.S. carriers play an important role by ferrying troops and supplies to a war zone under the Civil Reserve Air Fleet (CRAF) program. It is important that the viability of this program be preserved.

My bill would address the national security issue by giving the President 30 days to review a DOT-approved foreign investment. The President could disapprove an investment only on national security grounds such as a transaction that would undermine the CRAF program. Limiting the President's authority in this way is similar to his role in the awarding of international routes under section 801 of the Federal Aviation Act. This portion of my bill is patterned after that provision.

Mr. Speaker, I am aware that there are airlines who would like to close the door on foreign investment. Some have already themselves taken advantage of that source of capital and would now deny it to others. Others can still access the U.S. capital markets and would probably be just as happy to see their competitors wither and die.

But I believe they are being short-sighted. The airline industry is becoming increasingly global. I do not think an arbitrary 25 percent limit on foreign investment in U.S. carriers any longer makes sense in a worldwide economy where capital flows freely across borders.

Moreover, it should be noted that foreign investment is nothing new in the airline industry. Several foreign airlines now have substantial financial stakes in U.S. airlines. In addition, there are foreign banks, leasing companies, and other entities that hold debt obligations or other financial interests in our airlines. In some cases, these interests may be substantial. So we have already crossed the bridge on the foreign investment issue. Now it is time to raise the artificial limit on foreign investments in U.S. airline voting stock so that capital can more freely flow to U.S. airlines.

Accordingly, I am pleased to introduce this bill that would allow foreign investment in airlines up to 49 percent. Perhaps some day we can go further. For now I invite my colleagues to join me in supporting this measure.

INTRODUCTION OF THE CLEAN WATER AMENDMENTS OF 1995

HON. BUD SHUSTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 15, 1995

Mr. SHUSTER. Mr. Speaker, with several of my colleagues, I introduce the Clean Water Amendments of 1995.

The bill is based on last year's draft legislation known as the bipartisan alternative. As many of you know, a large coalition of Members of the Public Works and Transportation Committee developed this alternative in response to other Clean Water Act proposals that were either unnecessary or unnecessarily prescriptive. We worked closely with State and local officials and the regulated community to develop the alternative bill.

Original cosponsors of today's bill include some of the key supporters of the bipartisan alternative. We envision adding many more cosponsors after the bill's introduction and after our series of hearings with the Water Resources and Environment Subcommittee of the Transportation and Infrastructure Committee.

Let me emphasize the legislation to be introduced today is only a starting point. It does not represent extensive negotiation among or input from all the key interests to reflect new developments or positions since circulation of the bipartisan alternative last year. Nor is it meant to frame the debate in such a way as to prevent other issues or initiatives from arising. Instead, its purpose is merely to start the debate and to focus testimony and input from Members and interests over the coming weeks.

For example, we anticipate significant revisions to the bill's provisions on unfunded mandates, risk assessment, and cost benefit analysis. We developed these provisions before circulation of the Contract With America, H.R. 5, and other proposals pending in Congress. We will certainly want to revisit some of these issues to reflect more current thinking.

We also anticipate significant revisions to last year's provisions on nonpoint source pollution and stormwater. In fact, Mr. Speaker, some of the provisions could be viewed as unfunded or unfounded mandates. We plan to review more comprehensive proposals to overhaul the programs, remove redtape and unnecessary requirements, and increase flexibility for State and local governments.

With regard to wetlands, we have followed the same approach as in last year's bipartisan alternative: Include as a separate title provisions from H.R 1330, the Comprehensive Wetlands Conservation and Management Act. This, too, is not meant as the final, consensus approach. We anticipate debate over various alternative approaches and revisions. However, we do not expect meaningful debate over the bill's underlying premise: The current section 404 wetlands program is broken and needs to be fixed.

We also anticipate new proposals and initiatives in other areas. For example, we want to maximize flexibility for State and local governments, minimize Federal redtape and command-and-control regulations, and pursue market-based and risk-based approaches to efficient and effective water quality measures. Innovative technologies and pollution prevention efforts, as well as nonregulatory approaches to watershed planning and protection, also offer great promise.

In the area of funding, we expect various proposals and revisions. We all know the value of clean water and the public and private costs in not having it. We also know the Federal Government has an important role in providing and maintaining this Nation's clean and safe drinking water infrastructure. What we don't know at this point is how best to meet those needs when Federal fiscal constraints are greater than ever before. We hope today's bill will serve as a starting point to identify answers in the end.

I urge my colleagues to cosponsor this legislation and to become actively involved in the debate. Congress needs to renew and reform the Clean Water Act this year. The Clean Water Amendments of 1995 will get us started. Let me reiterate again, however, that we are not embracing any particular provisions in the bill. We are simply using today's bill as a starting point. All reasonable suggestions and revisions, both large and small, are on the table for consideration.

INTRODUCTION OF HOME OFFICE DEDUCTION LEGISLATION

HON. NANCY L. JOHNSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 15, 1995

Mrs. JOHNSON of Connecticut. Mr. Speaker, today, I am introducing legislation to restore the home office deduction for taxpayers who work out of their homes. I am pleased to note that this measure is included in the Republican Contract With America and, additionally, has been introduced in the other body of Senator ORRIN HATCH—S. 327.

This legislation is made necessary by a 1993 Supreme Court decision, *Commissioner* v. *Soliman* (113 S.Ct. 701), that greatly reduced the availability of the deduction. Previously, home office expenses were deductible if the space in the home was devoted to the ''sole and exclusive use'' of the office; the taxpayer used no other office of business; and, the business generated enough income to cover the deduction. The Court, in effect, added two additional conditions: the customers of the home-based business must physically visit the home office, and the business revenue must be produced within the home office itself.

Clearly, these requirements are excessive and prior law must be reinstated and clarified.